

Testimony of State Representative Steve Wieckert

Assembly Bill 64 – Campaign Finance Reform: Political Contribution Deductible *Assembly Committee on Elections & Constitutional Law*

300 Northeast – March 22, 2007

Good morning Chairwoman Sheryl Albers and committee members. I appreciate the opportunity to come before you today to discuss Assembly Bill 64, which will help to improve the way elections are financed in Wisconsin.

Campaign finance reform is something most of us believe needs to be done, but consensus breaks down when we try to find solutions. I am optimistic that this bill will be an exception.

This legislation is designed to encourage more small individual contributions to political campaigns and reduce the affect of contributions from large political action committees. This bill will provide an income tax deduction of up to a \$100 for a contribution to a political campaign. Donations from political action groups will not be tax deductible.

This legislation is supported by Common Cause, whose executive director, Jay Heck, stated:

“Common Cause in Wisconsin strongly supports this measure and commends Rep. Wieckert and Sen. Risser for introducing it. This will encourage smaller contributions to candidates which are much more desirable than – and that we hope will replace – the big special interest money that has inundated Wisconsin elections. We urge the consideration and passage of this measure this year.”

As campaigns become more and more expensive, both the number and impact of small citizen contributors is decreasing. The current campaign finance system is becoming dominated by big-dollar contributors, which is a troubling trend.

A number of other states have also instituted tax credits for individual contributions to political campaigns, including: Virginia, Oregon, Minnesota, Arkansas, Ohio, and Arizona.

Thank you. At this time I would be happy to answer any questions of the committee members.



State of Wisconsin • DEPARTMENT OF REVENUE

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Assembly Elections and Constitutional Law Committee Hearing, March 22, 2007

Assembly Bill 64 – Creating a Nonrefundable Individual Income Tax Credit for Contributions to Candidates for Elective Public Office (Representative Wieckert)

Description of Current Law and Proposed Change

The bill allows filers to claim a nonrefundable individual income tax credit for political campaign contributions of up to \$100 for candidates in the state for elective public office. The credit is calculated by multiplying up to \$100 in contributions by the taxpayer's marginal tax rate. Under the bill, both spouses of a married couple may claim the credit. The maximum allowable credit would be \$6.75 for single taxpayers in the highest bracket and \$13.50 for married taxpayers in the highest bracket.

Administrative Impact/Fiscal Effect

- Based on state and federal data on campaign contributions, it is estimated that approximately 31,000 Wisconsin residents donated large amounts (averaging \$1,000) to Wisconsin candidates during the 2001-2002 election cycle and the 2003-2004 election cycle. Additionally, it is estimated that approximately 236,000 individuals donated small amounts (averaging \$100) to Wisconsin candidates during these four years. The estimated total revenue loss is \$287,000 annually.
- The fiscal estimate required assumptions regarding the average donation amounts of large donors and small donors. To the extent that the actual values are higher or lower than the assumed values, the fiscal effect would be different.
- The department will incur \$13,100 in annual costs related to data capture, review of claims, printing, and postage.
- This bill creates complexity in the tax forms and instructions. In order to calculate the value of this credit, taxpayers will have to determine their marginal tax rates from tables that will have to be included in their individual income tax instruction booklets. Then they will have to multiply their marginal rates by their contribution amounts. It would be simpler for the taxpayer if the credit were a fixed percentage of the contribution.

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March 15, 2007

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Common Cause In Wisconsin

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February 7, 2007

Representative Steve Wieckert
Wisconsin State Assembly
P.O. Box 8953
Madison, WI 53708

Dear Steve,

Common Cause in Wisconsin, the state's largest non-partisan reform advocacy organization, believes that your bi-partisan legislation to provide a tax credit to Wisconsin citizens who contribute up to \$100 to a campaigns for state office is a positive step forward toward changing the way that campaigns are funded in the State of Wisconsin.

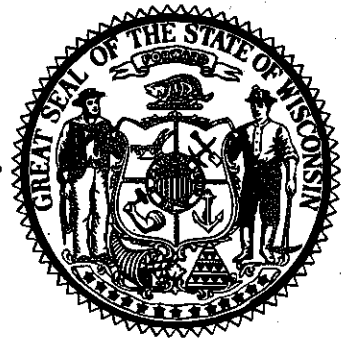
We strongly support this measure and commend you and Sen. Fred Risser for introducing it. If passed and enacted into law, this measure should encourage smaller contributions to candidates which are much more desirable than -- and that we hope will replace -- the big special interest money that has inundated Wisconsin elections in recent years.

We urge the consideration and passage of this measure this year.

Sincerely,

Jay Heck
Executive Director

FRED A. RISSER
President
Wisconsin State Senate



Testimony of State Senator Fred Risser on 2007 Assembly Bill 64

In recent years Wisconsin citizens have demanded comprehensive campaign finance reform to empower the average voter and reduce the influence of big-money special interests in political campaigns. To achieve this goal, Wisconsin must encourage wider participation in the political process through small, individual campaign donations.

Assembly Bill 64 allows citizens to deduct up to \$100 annually from their income taxes for contributions made to candidates for public office. Enactment of this bill will provide an incentive to increase the number of small campaign donations from individuals who may otherwise feel disenfranchised when faced against powerful special interests with deep pockets.

This bi-partisan legislation will act as a catalyst for the consideration of other meaningful campaign reforms and help Wisconsin voters regain ownership of political campaigns.